



B-168033

DEC 7 1971

Dear Senator Smith:

Your letter of June 28, 1971, requested that we make an investigation to determine whether there were other situations in the Federal Government similar to those found in the National Aeronautics and Space Administration's executive lunchroom as presented in our report to you dated November 6, 1970 (B-168033).

At a meeting in your office on July 23, 1971, it was agreed that we would investigate executive lunchroom operations at the Department of Agriculture, the Department of Justice, the Department of the Treasury, the Department of Transportation, the Interstate Commerce Commission, and the National Science Foundation. Also, we agreed to determine whether any Government employees worked in the executive lunchrooms and, if so, to relate their salaries to the number of persons served and to the prices charged for the meals; whether the employees were retired military personnel having commissary privileges; and whether liquor was being served.

Where records were not available or were not in sufficient detail to provide complete information, we relied on information furnished by responsible agency officials.

Except at the Department of Agriculture, Government employees were used full or part time to prepare and serve meals. The employees used part time were principally messengers and motor vehicle operators. We were told by agency officials that the part-time employees worked in the lunchrooms during periods when they otherwise might have been idle. One full-time employee at the Department of Justice executive lunchroom was retired from the military service. He and six Coast Guard stewards who worked full time at the Department of Transportation executive lunchroom had commissary privileges; however, we found no instances where food for the lunchrooms was being purchased from commissaries.

The cost for each meal substantially exceeded the price charged for a meal in the executive lunchrooms using full-time and/or part-time Government employees. The high cost for each meal is attributable principally to the personal service costs incurred in preparing and serving a relatively small number of meals.

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The following table shows the average costs and receipts for each meal at the selected agencies, except at the Department of Agriculture which is discussed separately. The average costs and receipts are for both regular and special luncheons at the Departments of Justice and Treasury but for only regular luncheons at the Department of Transportation and the National Science Foundation because at these agencies sufficient data was not available with respect to special luncheons. At the Interstate Commerce Commission, no special luncheons are served.

Average Annual Costs and Receipts
per Meal in Selected Executive Lunchrooms

	<u>Department of Justice</u>	<u>Department of Transportation</u>	<u>Department of the Treasury</u>	<u>Inter- state Commerce Commission</u>	<u>National Science Founda- tion</u>
Number of meals served	<u>3,432</u>	<u>2,876^a</u>	<u>1,314</u>	<u>1,260^a</u>	<u>5,972</u>
Costs per meal (note b):					
Salaries	\$5.51	\$13.81	\$11.77	\$1.48	\$2.24
Food (note c)	1.40	1.51	2.45	1.94	1.26
Depreciation (note d)	<u>.19</u>	<u>.74</u>	<u>.09</u>	<u>.11</u>	<u>.05</u>
Total	<u>7.10</u>	<u>16.06</u>	<u>14.31</u>	<u>3.53</u>	<u>3.55</u>
Less average receipts per meal	<u>1.66</u>	<u>1.51</u>	<u>2.45</u>	<u>1.94</u>	<u>1.26</u>
Excess of costs over receipts	<u>\$5.44</u>	<u>\$14.55</u>	<u>\$11.86</u>	<u>\$1.59</u>	<u>\$2.29</u>

^aAnnualized on the basis of the number of meals served, costs, and receipts for the last quarter of fiscal year 1971 for the Department of Transportation and for the period June 7 through August 13, 1971, for the Interstate Commerce Commission.

^bExclusive of space and utility costs.

^cExclusive of the cost of alcoholic beverages.

^dDepreciation computed using the straight-line method with no salvage values and a useful life of 10 years, a practice accepted by the Internal Revenue Service for the depreciation of restaurant-type equipment.

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DEPARTMENTS OF JUSTICE AND THE TREASURY
AND THE NATIONAL SCIENCE FOUNDATION

At the Departments of Justice and the Treasury and at the National Science Foundation, the executive lunchrooms, seating from 12 to 24 persons, are available to the agency heads and their top staffs for regular luncheons and special affairs at a cost for each meal established to approximate the cost of the food served. Food is purchased from commercial sources. When special luncheons are hosted by the agency heads, the costs of food are generally paid from appropriated reception and representation funds; sometimes the Treasury paid for the cost of the food for special luncheons from the Exchange Stabilization Fund.

Two employees work full time in the Department of Justice lunchroom. We were informed that their salaries were paid from the appropriation for Salaries and Expenses, General Administration. Typical prices are \$1.25 for regular luncheons and \$2 for special luncheons. Alcoholic beverages are purchased from personal funds and are served only on special occasions. Administrative matters are handled by a secretary.

The lunchroom at the Department of the Treasury is operated by a full-time cook, three part-time waiters, and a part-time dishwasher. The waiters also serve as messengers and the dishwasher also serves as a custodial employee; most of their time is devoted to messenger and custodial duties. Their salaries are paid from the Exchange Stabilization Fund. Regular luncheons are priced at \$2, and the price of special luncheons averaged \$3.68 during fiscal year 1971. Alcoholic beverages, obtained from confiscated stock, are served only on special occasions and at no additional cost; we were informed by an official of the Department that less than 2 gallons of alcoholic beverages were consumed during fiscal year 1971. Administrative matters are handled by a secretary to the Assistant Secretary for Administration.

The executive lunchroom at the National Science Foundation is operated by a Staff Services Coordinator and three motor vehicle operators. We were informed by a Foundation official that the employees worked in the lunchroom as needed but only when they were in a standby status from their regular duties. The Foundation official estimated that about 13 man-hours a day were required to operate the lunchroom. The regular luncheons are priced at \$1.25, and the food is served buffet style. In addition to regular meals being served, special affairs are held in the lunchroom; the food available varies from snacks to full

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meals. Alcoholic beverages, obtained from Bureau of Customs confiscated stock, are served only on special occasions and not as a part of the lunchroom operation. The Staff Services Coordinator handles the administrative duties involved in the lunchroom operation.

INTERSTATE COMMERCE COMMISSION

Of the 11 commissioners of the Interstate Commerce Commission, 10 contributed \$25 each to establish an Executive lunchroom fund. The other commissioner does not participate. Each of the 10 commissioners pays \$25 a month into the fund and has agreed to increase the monthly payment, if necessary. The fund is used to purchase food and miscellaneous items, such as cleaning supplies, needed to operate the lunchroom. Under these arrangements the commissioners are entitled to lunch each workday. Commissioners may bring guests to the lunchroom at a cost of \$1 a meal.

The lunchroom provides table service and has a seating capacity of 20. Meals are prepared and served by a file clerk who spends about 30 percent of her time on lunchroom operations. For the most part, food and miscellaneous supplies are purchased from Government Services, Inc., which operates a cafeteria located in the building. Alcoholic beverages are not served. One of the commissioners estimated that an average five meals were served each day. A commissioner handles administrative matters.

DEPARTMENT OF TRANSPORTATION

The executive lunchroom is in a leased building which was constructed for use by the Department of Transportation.

Six stewards from the U.S. Coast Guard are assigned full time to operate the lunchroom which has a seating capacity of about 38. The Coast Guard bills the Office of the Secretary monthly for pay and allowances of the stewards. The billings are paid from the Office of the Secretary's Salary and Expenses Appropriation. In addition, the military aide to the Secretary and the Secretary's receptionist work part time administering lunchroom activities.

Only the Secretary and employees who report regularly to the Secretary are authorized to use the lunchroom. In July 1971 there were 38 persons so authorized, each of whom paid a \$50 membership fee which is returnable when the employee no longer reports directly to the Secretary.

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Each member is billed monthly for the number of meals furnished to him. The charge for a regular luncheon is based on the average per meal food cost for the month. Food and supplies are purchased from commercial sources. Food, beverages, and supplies sometimes are purchased separately for special luncheons, and the costs are prorated among those served. When food and beverages purchased for normal dining-room operations are consumed at special luncheons, the meals are charged for at the regular rate established for members at the end of the month. Meals for official guests attending regular or special luncheons are paid from the Secretary's appropriated reception and representation fund.

Wine and ale are available at the regular luncheons and distilled alcoholic beverages at special luncheons. Members are charged the actual cost for alcoholic beverages served.

DEPARTMENT OF AGRICULTURE

An executive lunchroom having a seating capacity of 85 provides table service for higher grade employees in the Department of Agriculture. Adjoining are two smaller table-service lunchrooms, one for use by the Secretary and his guests and the other for use by the Under Secretary and his guests. The three lunchrooms are operated by the Department employees' Welfare and Recreation Association.

Daily meals are similar to the meals available in the Association's cafeteria across the hall from the lunchrooms, and the prices charged are the same as those for meals in the cafeteria plus an additional charge of 25 cents a meal to cover the cost of providing table service. A grilled rib-eye luncheon steak, such as is served in the lunchroom at a price of \$2.25 (plus the 25-cent service charge), is not available in the cafeteria. All food served in the lunchrooms is obtained from and prepared in the cafeteria. Alcoholic beverages are not served.

Five waitresses each work an estimated 3-1/2 hours a day at \$2.10 an hour in the three lunchrooms. All five waitresses work in all three lunchrooms as though they were a single lunchroom.

During the period February through May 1971, the total number of meals served in the three lunchrooms averaged 74 a day. The 25-cent service charge would amount to \$18.50 for 74 meals, whereas the cost of the waitresses to serve the meals would be \$36.75. On the basis of 74 meals a day, the service charge would have to be doubled to cover the cost of providing table service.

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An official of the Association informed us that special affairs were held infrequently at night. Association employees work at these affairs on an overtime basis, and prices are established so as to recover costs.

The agencies discussed herein have not been provided with copies of this report and have not been afforded an opportunity to comment on our findings. We plan to make no further distribution of this report unless copies are specifically requested, and then we shall make distribution only after your agreement has been obtained or public announcement has been made by you concerning the contents of the report.

Sincerely yours,



Comptroller General
of the United States

The Honorable Margaret Chase Smith
United States Senate